

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF TEXAS STANDARD OIL, LLC
TO RE-OPEN CASE NO. 22325 (FOR COMPULSORY
POOLING) AND FOR RESCISSION OF AN API
NUMBER ASSIGNED TO AN APPLICATION FOR
PERMIT TO DRILL ISSUED TO MANZANO, LLC,
LEA COUNTY, NEW MEXICO.**

Case No. 22720

MOTION FOR AN EMERGENCY ORDER

Pursuant to Division Rules, Texas Standard Oil, LLC ("Texas Standard") moves the Division for an emergency order rescinding the API Number for the application for permit to drill ("APD") issued or to be issued to Manzano, LLC ("Manzano") for the proposed Bodacious State Com. Well No. 91H. In support thereof, Texas Standard states:

1. In Case No. 22325 Manzano pooled the SE/4SE/4 of Section 9, the E/2E/2 of Section 16, and the E/2NE/4 of Section 21, Township 17 South, Range 36 East, NMPM as to the Upper Penn formation for purposes of drilling the Bodacious State Com. Well No. 91H. Texas Standard was a party pooled in Case No. 22325, and entered an appearance in the case.

2. In this case, Texas Standard has applied for an order (a) re-opening Case No. 22325 to determine that it is not subject to Order No. R-21943 entered therein, and (b) rescinding the API Number for the application for permit to drill ("APD") issued or to be issued to Manzano, LLC ("Manzano") on the well identified in the order. A copy of the application as-filed is attached hereto as Exhibit A, which is incorporated by reference.

3. Texas Standard acquired its interest in the well unit from Chevron U.S.A. Inc. ("Chevron") in mid-summer 2021. Texas Standard and Manzano later negotiated for Manzano to acquire the interest Texas Standard acquired by term assignment from Chevron.

4. As discussed in the application, Texas Standard and Manzano agreed to settle matters between them in mid-December 2021, and Texas Standard promptly prepared and sent to Manzano a term assignment memorializing the parties' agreement. On March 29, 2022, however, Manzano made material changes to the agreement reached in December, as follows: (a) the payment provisions do not mirror the same provisions in the Chevron-Texas Standard assignment; and (b) changing the Effective Date to March 31, 2022 with a three year term, which ends long after Texas Standard's three year term in the assignment from Chevron. Manifestly, Texas Standard cannot agree to provisions that expose it to liability to both Chevron and Manzano.

5. Therefore, Texas Standard requests that the API Number for the well be rescinded if already issued, or denied if it has not been issued, so that subject well cannot be drilled pending consummation of the pending term assignment. If the API Number is not rescinded it will adversely affect Texas Standard's correlative rights as follows: (a) Texas Standard waived any objection to pooling due to its negotiations with Manzano, and due to the December agreement it did not file a *de novo* appeal, thus adversely affecting its statutory and due process rights to a Commission hearing; and 2) the delay by Manzano prevented Texas Standard making other beneficial arrangements regarding its working interest.

6. Due to the nature of the relief sought the concurrence of opposing counsel was not sought.

7. Due to the imminent commencement of the well, Texas Standard requests that this motion be decided no later than April 6, 2022.

WHEREFORE, Texas Standard requests entry of an order rescinding (or suspending) an API Number for the subject well pending resolution of this case.

Respectfully submitted,



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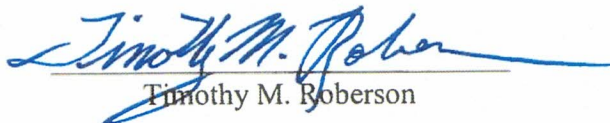
Attorney for Texas Standard Oil, LLC

SELF-AFFIRMED VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF HOUSTON)

Timothy M. Roberson deposes and states that: He is the President of Texas Standard Oil, LLC; he is authorized to make this verification on its behalf; he has read the foregoing motion and the attachment hereto, and knows the contents thereof; and the same is true and correct to the best of his knowledge, information, and belief. This statement is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date: April 1, 2022


Timothy M. Roberson

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF TEXAS STANDARD OIL, LLC TO RE-OPEN CASE NO. 22325 (FOR COMPULSORY POOLING) AND FOR RESCISSION OF AN API NUMBER ASSIGNED TO AN APPLICATION FOR PERMIT TO DRILL ISSUED TO MANZANO, LLC, LEA COUNTY, NEW MEXICO.

Case No. _____

APPLICATION

Texas Standard Oil, LLC ("Texas Standard") applies for an order (a) re-opening Case No. 22325 to determine that it is not subject to Order No. R-21943 entered therein, and (b) rescinding the API Number for the application for permit to drill ("APD") issued or to be issued to Manzano, LLC ("Manzano") on the well identified in the order, pending a resolution of this application. In support of its application, Texas Standard states:

1. In Case No. 22325 Manzano pooled the SE/4SE/4 of Section 9, the E/2E/2 of Section 16, and the E/2NE/4 of Section 21, Township 17 South, Range 36 East, NMPM as to the Upper Penn formation for purposes of drilling the Bodacious State Com. Well No. 91H. The well unit was pooled by Order No. R-21943, and the only parties pooled were Texas Standard and BTA Oil Producers, LLC.

2. The well's API Number, as of the date of filing this application, is not in the Division's online well file, but upon information and belief an APD and API Number have been or soon will be issued because Texas Standard has been informed by Manzano that it intends to commence the well very soon.

3. Texas Standard is the owner of record of 100% of the working interest in the E/2SE/4 of Section 16, which is covered by State Lease BO-1565-12. This interest was acquired

EXHIBIT *A*

last summer via a term assignment from Chevron U.S.A. Inc. (“Chevron”), which is the Record Title Owner of the lease.

4. Texas Standard did not protest the hearing in Case No. 22325 because it was in discussions with Manzano about term assigning or farming out its interest to Manzano.

5. Case No. 22325 was heard on December 2, 2021 and the subject order was issued on December 7, 2021. Discussions between Texas Standard and Manzano continued verbally and by e-mail, and in mid-December 2021 an agreement was reached. Shortly thereafter, on December 17, 2021, Texas Standard prepared a draft term assignment memorializing the parties’ agreement and submitted it to Manzano for review along with Chevron’s signed consent to the assignment from Texas Standard to Manzano. Texas Standard is still ready, willing, and able to execute and perform under the agreement reached by the parties. As a result, Texas Standard did not consider a *de novo* appeal of the order

6. Over three months later, on March 29, 2022, Manzano finally responded to Texas Standard with a term assignment already executed by Manzano which materially altered the terms of the December agreement between the parties, as follows: 1) the payment provisions do not mirror the same provisions in the Chevron assignment, creating possibilities for conflict; and 2) changing the Effective Date to March 31, 2022 with a three year term, which ends after Texas Standard’s three year term in the assignment from Chevron. Manifestly, Texas Standard cannot agree to provisions that expose it to liability to Chevron.

7. Because Texas Standard is still the owner *of record* of the subject working interest, it is or may still be subject to the pooling order despite the December agreement of the parties. As a result Texas Standard seeks to re-open Case No. 22325 for a determination that it is no longer pooled by Order No. R-21936 for failure of Manzano to execute the agreement reached

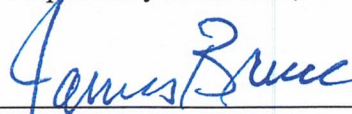
in December. Texas Standard also requests that the API Number for the well be rescinded if already issued, or denied if it has not been issued, so that subject well cannot be drilled pending consummation of the pending term assignment.

8. Texas Standard will be filing a motion for an emergency order after this application is filed.

9. The granting of this application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order granting the relief itemized in Paragraph 7 above, and granting such further relief as the Division deems proper.

Respectfully submitted,



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